

TAXES  
HR 10650

18 May 1962

MEMORANDUM FOR: Mr. Warner

The Director is very interested in the pending tax bill, H. R. 10650. He feels strongly that as presently worded it is very detrimental to the U. S. policy of encouraging investments in underdeveloped areas as well as putting U. S. business in a far less competitive position generally in competition with foreign countries. From what I have seen, I certainly agree with him and would agree with alternative he has proposed which appear to me to be a reasonable protection of the interests of the Internal Revenue. He knows the subject backwards and forwards but has asked us to make a study of the impact of the proposed law on a specific case which is the Agency project for a [REDACTED]

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I have talked to [REDACTED] several times about this and we agree that the new tax law would be harmful to the project even though to the Agency it does not make too much difference as the Government would be getting funds in any case. However, looking at it as an investment of private capital, much of the incentive is taken out. To get what the Director wants, I have asked [REDACTED] to have the [REDACTED] lawyers who are working on this project, one of whom has just returned from negotiations in [REDACTED] to make an analysis of the impact of the new tax bill on specific dollar calculations even if they have to make some arbitrary assumptions in setting up their investment and profit figures. If the Director asks you about this we have asked them to produce this material on an urgent basis and you can check with [REDACTED] on the status if you have heard nothing by, say, Tuesday.

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LRH/s

LAWRENCE R. HOUSTON  
General Counsel